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DEPARTMENT OF COMMERCE

International Trade Administration

A-570-932

Certain Steel Threaded Rod from the People's Republic of China: Preliminary Results of the Administrative Review, Intent to Rescind, and Rescission, in Part

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce ("Department") is conducting the second administrative review of the antidumping duty order on certain steel threaded rod ("steel threaded rod") from the People's Republic of China ("PRC") for the period of review ("POR") April 1, 2010, through March 31, 2011. As discussed below, we preliminarily determine that sales have been made below normal value ("NV"). If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties on all appropriate entries of subject merchandise during the period of review.

EFFECTIVE DATE: [Insert date of publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Tim Lord, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-7425.

SUPPLEMENTARY INFORMATION

Background

On April 14, 2009, the Department published in the *Federal Register* the antidumping duty order on steel threaded rod from the PRC.¹ On April 1, 2011, the Department published in the *Federal Register* a notice of opportunity to request an administrative review of the *Order* for the period April 1, 2010 through March 31, 2011.² Between April 29, 2011, and May 2, 2011, we received requests to conduct administrative reviews from Vulcan Threaded Products Inc. (“Petitioner”) and other interested parties. On May 27, 2011, the Department published in the *Federal Register* a notice of initiation of this administrative review.³ On December 12, 2011, and March 29, 2012, the Department published in the *Federal Register* notices extending by 90 days and 30 days, respectively, the time period for issuing the preliminary results.⁴

Of the 191 companies for which we initiated an administrative review, two companies submitted separate rate certifications, no companies submitted separate rate applications, and five companies stated that they did not export subject merchandise to the United States during the POR. On June 29, 2011, Petitioner submitted a withdrawal of its request for administrative review of 184 of the 191 companies upon which reviews were initiated.

¹ See *Certain Steel Threaded Rod from the People’s Republic of China: Notice of Antidumping Duty Order*, 74 FR 17154 (April 14, 2009) (“*Order*”).

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 76 FR 18153 (April 1, 2011).

³ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 76 FR 30912 (May 27, 2011) (“*Initiation Notice*”).

⁴ See *Certain Steel Threaded Rod From the People’s Republic of China: Extension of Time Limit for the Preliminary Results of Antidumping Duty Administrative Review*, 76 FR 77205 (December 12, 2011), and *Certain Steel Threaded Rod From the People’s Republic of China: Extension of Time Limit for the Preliminary Results of Antidumping Duty Administrative Review*, 77 FR 19003 (March 29, 2012).

Because of the large number of exporters involved in this review, the Department limited the number of respondents individually examined pursuant to section 777A(c)(2) of the Tariff Act of 1930, as amended (“the Act”), and selected exporters IFI & Morgan Limited and RMB Fasteners Ltd., along with their affiliated producer, Jiaxing Brother Fastener Co., Ltd. (collectively, the “RMB/IFI Group”) as a mandatory respondent.⁵ The Department sent antidumping duty questionnaires to the RMB/IFI Group on October 18, 2011. The RMB/IFI Group submitted its Sections A, C, and D Questionnaire Responses on November 22, December 9, and December 16, 2011, respectively. The Department issued supplemental questionnaires to the RMB/IFI Group between December 29, 2011, and March 15, 2012, to which the RMB/IFI Group responded in a timely manner.

Surrogate Country and Surrogate Value Data

On November 18, 2011, the Department invited interested parties to comment on surrogate country selection and surrogate value (“SV”) data.⁶ On December 7, 2011, the Department extended the comment period for surrogate country selection from December 9, 2011, to no later than February 3, 2012. On February 16, 2012, the Department extended the comment period for SV selection from December 16, 2011, to March 2, 2012. On February 3, 2012, the Department received comments on surrogate country selection from Petitioner and the

⁵ See Memorandum to James Doyle from Toni Dach: 2010-2011 Administrative Review of Certain Steel Threaded Rod from the People’s Republic of China: Selection of Mandatory Respondent and Response to Petitioner’s Comments, dated October 14, 2011. The Department determined that IFI & Morgan Limited and RMB Fasteners Ltd. constituted a single entity in the antidumping duty investigation on steel threaded rod from the PRC. See *Certain Steel Threaded Rod from the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value*, 73 FR 58931 (October 8, 2008), unchanged in *Certain Steel Threaded Rod from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 74 FR 8907 (February 27, 2009) (“*Steel Threaded Rod from PRC LTFV Final*”).

⁶ See the Department’s Letter to All Interested Parties: Antidumping Duty Administrative Review of Certain Steel Threaded Rod from the People’s Republic of China, dated November 18, 2011.

RMB/IFI Group. On March 2, 2012, the Department received comments on SV data from Petitioner and the RMB/IFI Group. On March 12, 2012, the Department received a rebuttal response to Petitioner's SV submission from the RMB/IFI Group. The SVs placed on the record from the RMB/IFI Group were obtained from sources in India, whereas the SVs placed on the record by Petitioner were from sources in Thailand.

Scope of the Order

The merchandise covered by the order is steel threaded rod. Steel threaded rod is certain threaded rod, bar, or studs, of carbon quality steel, having a solid, circular cross section, of any diameter, in any straight length, that have been forged, turned, cold-drawn, cold-rolled, machine straightened, or otherwise cold-finished, and into which threaded grooves have been applied. In addition, the steel threaded rod, bar, or studs subject to the order are non-headed and threaded along greater than 25 percent of their total length. A variety of finishes or coatings, such as plain oil finish as a temporary rust protectant, zinc coating (*i.e.*, galvanized, whether by electroplating or hot-dipping), paint, and other similar finishes and coatings, may be applied to the merchandise.

Included in the scope of the order are steel threaded rod, bar, or studs, in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 1.80 percent of manganese, or
- 1.50 percent of silicon, or
- 1.00 percent of copper, or

- 0.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 1.25 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.012 percent of boron, or
- 0.10 percent of molybdenum, or
- 0.10 percent of niobium, or
- 0.41 percent of titanium, or
- 0.15 percent of vanadium, or
- 0.15 percent of zirconium.

Steel threaded rod is currently classifiable under subheading 7318.15.5050, 7318.15.5090, and 7318.15.2095 of the United States Harmonized Tariff Schedule (“HTSUS”). Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Excluded from the scope of the order are: (a) threaded rod, bar, or studs which are threaded only on one or both ends and the threading covers 25 percent or less of the total length; and (b) threaded rod, bar, or studs made to American Society for Testing and Materials (“ASTM”) A193 Grade B7, ASTM A193 Grade B7M, ASTM A193 Grade B16, or ASTM A320 Grade L7.

Partial Rescission of Administrative Review

Pursuant to 19 CFR 351.213(d)(1), the Department will rescind an administrative review, in whole or in part, if the party that requested the review withdraws its request within 90 days of the date of publication of the notice of initiation of the requested review. On June 29, 2011, the Department received a timely withdrawal of the requests for review for 184 companies. Of these companies, Suntec Industries Co., Ltd., Shanghai Prime Machinery Co. Ltd., Certified Products International Inc., Jiashan Zhongsheng Metal Products Co., Ltd, Haiyan Dayu Fasteners Co., Ltd., and Jiaxing Xinyue Standard Part Co., Ltd. have a separate rate from a prior segment of this proceeding; accordingly, we are rescinding this review with respect to them.⁷

Intent to Partially Rescind Administrative Review

As noted above, the Department received no shipment claims from five companies. In order to examine these claims, we sent an inquiry to CBP requesting that any CBP office that had any information contrary to the no shipments claims alert the Department accordingly. We have received no such response from CBP.

Pursuant to 19 CFR 351.213(d)(3), we preliminarily determine that Haiyan Julong made no shipments of subject merchandise during the POR, and we intend to rescind the review with respect to Haiyan Julong.

With respect to Gem Year, Hubbell Power Systems, Inc. (“Hubbell”), in requesting an administrative review of Gem Year, stated that the steel threaded rod it imported from Gem Year

⁷ We note that there are additional companies for which all review requests were withdrawn within the 90 day period. See Petitioner’s withdrawal of review requests regarding specific companies, dated June 29, 2011. These additional companies for which all review requests were withdrawn do not have a separate rate from a prior segment of this proceeding. These companies thus are not separate from the PRC-wide entity and the administrative review will continue for them.

“may be determined to fall within the scope of the antidumping duty order” and that it was “not presently aware that any entry falls within the scope of the antidumping duty order in this proceeding.”⁸ Given that entry data obtained from CBP showed that Gem Year had no entries subject to antidumping duties during the POR, we preliminarily determine that Gem Year had no reviewable entries of subject merchandise during the POR. As such, we intend to rescind the review with respect to Gem Year.⁹

Non-Market Economy Country Status

In every case conducted by the Department involving the PRC, the PRC has been treated as a nonmarket economy (“NME”) country. In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority.¹⁰ None of the parties to this proceeding have contested such treatment. Accordingly, we calculated the NV in accordance with section 773(c) of the Act, which applies to NME countries.

Separate Rates

In proceedings involving NME countries, it is the Department’s practice to begin with a rebuttable presumption that all companies within the country are subject to government control

⁸ See Letter from Hubbell to the Department: Certain Steel Threaded Rod from the People’s Republic of China; Hubbell Power Systems, Inc.’s Request for an Administrative Review, dated April 28, 2011. Petitioner subsequently requested an anti-circumvention inquiry related to merchandise produced by Gem Year, which the Department initiated on January 5, 2012. See *Certain Steel Threaded Rod From the People's Republic of China: Initiation of Anti-Circumvention Inquiry*, 77 FR 473 (January 5, 2012).

⁹ See, e.g., *Certain Tissue Paper Products from the People’s Republic of China: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review*, 73 FR 18497, 18500 (April 4, 2008) (preliminarily rescinding review because of lack of reviewable entries), unchanged in *Certain Tissue Paper Products from the People’s Republic of China: Final Results and Final Rescission, in Part, of Antidumping Duty Administrative Review*, 73 FR 58113 (October 6, 2008).

¹⁰ See, e.g., *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 30758, 30760 (June 4, 2007), unchanged in *Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 60632 (October 25, 2007).

and thus should be assessed a single antidumping duty rate.¹¹ It is the Department's policy to assign all exporters of merchandise subject to investigation in an NME country this single rate unless an exporter can affirmatively demonstrate that it is sufficiently independent so as to be entitled to a separate rate.¹² Exporters can demonstrate this independence through the absence of both *de jure* and *de facto* government control over export activities.¹³ The Department analyzes each entity exporting the subject merchandise under a test arising from the *Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China*, 56 FR 20588, 20589 (May 6, 1991) ("*Sparklers*"), as further developed in *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China*, 59 FR 22585, 22586-87 (May 2, 1994) ("*Silicon Carbide*"). However, if the Department determines that a company is wholly foreign-owned or located in a market economy ("ME"), then a separate rate analysis is not necessary to determine whether it is free of government control. In this review, one company, the RMB/IFI Group, provided evidence that it was wholly owned by individuals or companies located in MEs in its separate rate application. Therefore, because the RMB/IFI Group is wholly foreign-owned and there is no record evidence indicating that it is under the control of the government of the PRC, a separate rates analysis is not necessary to

¹¹ See, e.g., *Separate Rates and Combination Rates in Antidumping Investigations involving Non-Market Economy Countries*, 70 FR 17233 (April 5, 2005)(as corrected in 70 FR 19841 (April 14, 2005)); see also *Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China*, 71 FR 53079, 53082 (September 8, 2006); *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China*, 71 FR 29303, 29307 (May 22, 2006) ("*Diamond Sawblades*").

¹² See, e.g., *Diamond Sawblades*, 71 FR at 29307.

¹³ *Id.*

determine whether the RMB/IFI Group is free of government control.¹⁴ Accordingly, the Department has preliminarily granted a separate rate to the RMB/IFI Group.

The Department received no separate rate applications, and received separate rate certifications from the RMB/IFI Group and Jiaxing Xinyue Standard Part Co. Ltd (“Jiaxing Xinyue”). However, because Jiaxing Xinyue was one of the companies for which the request for administrative review was timely withdrawn, the Department is not assessing Jiaxing Xinyue’s eligibility for a separate rate in the context of this review.

Finally, one company subject to review, New Pole Power Systems Co., Ltd. (“New Pole”), submitted neither a separate rate application nor certification. Therefore, because New Pole did not demonstrate its eligibility for separate rate status, we preliminarily find that it is not separate from the PRC-wide entity. There are, therefore, no respondents for which to calculate a separate rate in this administrative review.

PRC-Wide Entity

Upon initiation of the administrative review, we provided an opportunity for all companies for which the review was initiated to complete either the separate rate application or certification. The separate rate certification and separate rate application were available at: <http://ia.ita.doc.gov/nme/nme-sep-rate.html>.

As noted above in the “Separate Rates” section of this notice, we have preliminarily determined that one company, New Pole, failed to demonstrate its eligibility for a separate rate

¹⁴ See, e.g., *Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 75 FR 7244, 7249 (February 18, 2010) (determining that the respondent was wholly foreign-owned and, thus, qualified for a separate rate), unchanged in *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 75 FR 41808 (July 19, 2010).

and is thus properly considered not to be separate from PRC-wide entity. In NME proceedings, “‘rates’ may consist of a single dumping margin applicable to all exporters and producers.”¹⁵ As explained above in the “Separate Rates” section, all companies within the PRC are considered to be subject to government control unless they are able to demonstrate an absence of government control with respect to their export activities. Accordingly, such companies are assigned a single antidumping duty rate distinct from the separate rate(s) determined for companies that are found to be free of government control with respect to their export activities. We consider that the overall influence that the PRC has been found to have over its economy warrants determining separate rates for the entity that are distinct from the rates found for companies that have provided sufficient evidence to establish that they operate freely with respect to their export activities.¹⁶ In this regard, we note that no party has submitted evidence in this proceeding to demonstrate that such government influence is no longer present or that our treatment of the PRC-wide entity is otherwise incorrect. Therefore, we are assigning the PRC-wide entity a rate of 206.00 percent, the only rate ever determined for the PRC-wide entity in this proceeding.¹⁷

Surrogate Country

When the Department conducts an antidumping administrative review of imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer’s factors of production (“FOPs”), valued in a surrogate ME country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the

¹⁵ See 19 CFR 351.107(d).

¹⁶ See, e.g., *Notice of Final Antidumping Duty Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003).

¹⁷ See, e.g., *Steel Threaded Rod from PRC LTFV Final*, 74 FR at 8910.

Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise. Once the Department has identified the countries that are economically comparable to the PRC, it identifies those countries which are significant producers of comparable merchandise. From the countries which are both economically comparable and significant producers the Department will then select a primary surrogate country based upon whether the data for valuing FOPs are both available and reliable.

Pursuant to its practice, the Department received a list of potential surrogate countries from Import Administration's Office of Policy ("OP") within which it was determined that Colombia, Indonesia, Peru, the Philippines, South Africa, Thailand, and Ukraine are at a comparable level of economic development to the PRC.¹⁸ The Department considers the seven countries identified by the OP in its Surrogate Country List as "equally comparable in terms of economic development,"¹⁹ and thus, all at an economic level of development equally comparable to that of the PRC.²⁰

The Department also considers whether a country is a significant producer of comparable merchandise in surrogate country selection.²¹ The Department retrieved data from the Global Trade Atlas ("GTA"), showing that all of the countries on the Surrogate Country List exported

¹⁸ See Memorandum from Carole Showers, Director, Office of Policy, to Scot T. Fullerton, Program Manager, AD/CVD Operations, Office 9: Request for a List of Surrogate Countries for an Antidumping Duty Administrative Review of the Antidumping Duty Order on Certain Steel Threaded Rod from the People's Republic of China, dated November 18, 2011 ("Surrogate Country List").

¹⁹ *Id.*

²⁰ See section 773(c)(4)(A) of the Act.

²¹ See section 773(c)(4)(B) of the Act.

significant quantities of steel threaded rod exports during the POR,²² and thus can each be considered significant producers of comparable merchandise.

Moreover, it is the Department's practice to select an appropriate surrogate country based on the availability and reliability of data from these countries.²³ Petitioner provided data for Thailand from GTA to value certain material inputs, and a financial statement from a Thai producer of comparable merchandise to calculate surrogate financial ratios. The RMB/IFI Group provided GTA data for India, as well as various Indian government, non-governmental organization, and industry publications to value material inputs, energy, and movement expenses. In addition, the RMB/IFI Group submitted Indian financial statements to calculate surrogate financial ratios. However, the Department has stated that "unless we find that all of the countries determined to be equally economically comparable are not significant producers of comparable merchandise, do not provide a reliable source of publicly available surrogate data or are unsuitable for use for other reasons, we will rely on data from one of these countries."²⁴ Because the Department finds that one of the countries from the Surrogate Country List meets the selection criteria, as explained in these preliminary results, the Department is not considering India, a country not included in the OP memorandum, as the primary surrogate country.

The data on the record for Thailand to value material inputs meet the Department's criteria for selecting the best available information because we find that the data are available

²² See Surrogate Value Memo at Attachment 12.

²³ See Policy Bulletin No. 04.1: Non-Market Economy Surrogate Country Selection Process, dated March 1, 2004.

²⁴ See *Certain Steel Wheels From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Partial Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 76 FR 67703, 67708 (November 2, 2011), unchanged in *Certain Steel Wheels From the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value and Partial Affirmative Final Determination of Critical Circumstances*, 77 FR 17021 (March 23, 2012).

and reliable. Specifically, we preliminarily find that the information on the record for Thailand is complete and allows us to value material inputs, energy, movement expenses, and financial ratios.

Based on publicly available information placed on the record, the Department determines that Thailand is a reliable source for surrogate values because Thailand is at a comparable level of economic development, is a significant producer of comparable merchandise, and has publicly available and reliable data. Accordingly, the Department has selected Thailand as the surrogate country for purposes of valuing the FOPs because it meets the Department's criteria for surrogate country selection.

Date of Sale

The RMB/IFI Group reported the invoice date as the date of sale because it claims that, for its U.S. sales of subject merchandise made during the POR, the material terms of sale were established on the invoice date. The Department preliminarily determines that the invoice date is the most appropriate date to use as the RMB/IFI Group's date of sale in accordance with 19 CFR 351.401(i).²⁵

Fair Value Comparisons

To determine whether sales of steel threaded rod to the United States by the RMB/IFI Group were made at less than NV, the Department compared the export price ("EP") to NV, as described in the "U.S. Price," and "Normal Value" sections below.²⁶

²⁵ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand*, 69 FR 76918 (December 23, 2004) and accompanying Issues and Decision Memorandum at Comment 10.

²⁶ In these preliminary results, the Department applied the weighted-average dumping margin calculation method adopted in *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012) ("Final Modification for

U.S. Price

In accordance with section 772(a) of the Act, the Department calculated the EP for sales to the United States from the RMB/IFI Group's sales, because the first sale to an unaffiliated party was made before the date of importation. The Department calculated EP based on the price to unaffiliated purchasers in the United States. In accordance with section 772(c) of the Act, as appropriate, we deducted foreign inland freight and brokerage and handling from the starting price to unaffiliated purchasers. Each of these services was either provided by an NME vendor or paid for using an NME currency. Thus, we based the deduction of these movement charges on SVs.²⁷ Additionally, for international freight provided by an ME provider and paid in an ME currency, we used the actual cost per kilogram of the freight.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using an FOP methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV on the FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under the Department's normal methodologies.

Factor Valuations

Reviews"). In particular, the Department compared monthly weighted-average export prices (or constructed export prices) with monthly weighted-average normal values and granted offsets for non-dumped comparisons in the calculation of the weighted average dumping margin.

²⁷ See Memorandum to the File through Paul Walker, Acting Program Manager, Office 9 from Tim Lord, International Trade Analyst, Office 9: 2010 - 2011 Antidumping Duty Administrative Review of Steel Threaded Rod from the People's Republic of China: Surrogate Values for the Preliminary Results, , dated April 30, 2012 ("Surrogate Value Memo").

In accordance with section 773(c) of the Act, we calculated NV based on FOPs reported by the respondents for the POR, except as noted above. To calculate NV, we multiplied the reported per-unit factor-consumption rates by publicly available Thai SVs. In selecting the SVs, we considered the quality, specificity, and contemporaneity of the data.²⁸ As appropriate, we adjusted input prices by including freight costs to make them delivered prices. Specifically, we added to Thai import SVs a surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory of production or the distance from the nearest seaport to the factory of production where appropriate. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's ("Federal Circuit") decision in *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-1408 (Fed. Cir. 1997).²⁹

The Department's practice when selecting the best available information for valuing FOPs, in accordance with section 773(c)(1) of the Act, is to select, to the extent practicable, SVs which are product-specific, representative of a broad-market average, publicly available, contemporaneous with the POR and exclusive of taxes and duties.³⁰ As a general matter, the Department prefers to use publicly available data representing a broad-market average to value SVs.³¹

The Department used Thai import statistics from GTA to value the raw material and packing material inputs that the RMB/IFI Group used to produce subject merchandise during the

²⁸ For a detailed discussion of SVs and the resulting calculations, see Surrogate Value Memo.

²⁹ See Policy Bulletin No. 10.2: *Inclusion of International Freight Costs When Import Prices Constitute Normal Value*, dated November 1, 2010.

³⁰ See, e.g., *Fresh Garlic from the People's Republic of China: Final Results and Partial Rescission of the Eleventh Administrative Review and New Shipper Reviews*, 72 FR 34438 (June 22, 2007) and accompanying Issues and Decision Memorandum at Comment 2A.

³¹ *Id.*

POR, except where listed below.³² The record shows that data in the Thai import statistics, as well as those from the other Thai sources, are contemporaneous with the POR, product-specific, and tax-exclusive. In those instances where we could not obtain publicly available information contemporaneous to the POR with which to value factors, we adjusted the SVs using, where appropriate, the Thai Consumer Price Index (“CPI”) as published in the *International Financial Statistics* of the International Monetary Fund.

In accordance with the legislative history of the Omnibus Trade and Competitiveness Act of 1988, the Department continues to apply its long-standing practice of disregarding SVs if it has reason to believe or suspect the source data may be subsidized.³³ In this regard, the Department has previously found that it is appropriate to disregard such prices from India, Indonesia, South Korea and Thailand because we have determined that these countries maintain broadly available, non-industry specific export subsidies.³⁴ Based on the existence of these subsidy programs that were generally available to all exporters and producers in these countries at the time of the POR, the Department finds that it is reasonable to infer that all exporters from India, Indonesia, South Korea and Thailand likely benefitted from these

³² Published by Global Trade Information Services, Inc. GTA reports import statistics, such as those from Thailand, India and Indonesia, in the original reporting currency and, thus, these data correspond to the original currency value reported by each country.

³³ See Omnibus Trade and Competitiveness Act of 1988, Conf. Report to Accompany H.R. 3, H.R. Rep. No. 576, 100th Cong., 2nd Sess. (1988) at 590.

³⁴ See, e.g., *Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order*, 75 FR 13257 (March 19, 2010) and accompanying Issues and Decision Memorandum at 4-5; *Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia: Final Results of Expedited Sunset Review*, 70 FR 45692 (August 8, 2005) and accompanying Issues and Decision Memorandum at 4; *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review*, 74 FR 2512 (January 15, 2009) and accompanying Issues and Decision Memorandum at 17, 19-20; *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products From Thailand*, 66 FR 50410 (October 3, 2001) and accompanying Issues and Decision Memorandum at 23.

subsidies. Additionally, we disregarded prices from NME countries.³⁵ Finally, imports that were labeled as originating from an “unspecified” country were excluded from the average value, because the Department could not be certain that they were not from either an NME country or a country with general export subsidies. Therefore, based on the information currently available, we have not used prices from these countries in calculating the Thai import-based SVs.

On June 21, 2011, the Department announced its new methodology to value the cost of labor in NME countries.³⁶ In *Labor Methodologies*, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization’s *Yearbook of Labor Statistics*.³⁷

To calculate the labor value in these preliminary results, the Department has relied on total manufacturing labor cost data in Thailand reported under ILO Chapter 6A. Although the Department’s preference, as indicated in *Labor Methodologies*, is for industry-specific data from Chapter 6A, the Department notes that the most recent industry-specific data for Thailand under Sub-Classification 24 of the ISIC-Revision 3 are more than ten years prior to the start of the POR. Consistent with *Citric Acid from China*, the Department has not relied on labor data

³⁵ See, e.g., *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of 1998-1999 Administrative Review, Partial Rescission of Review, and Determination Not To Revoke Order in Part*, 66 FR 1953 (January 10, 2001) and accompanying Issues and Decision Memorandum at Comment 1.

³⁶ See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) (“*Labor Methodologies*”). This notice followed the decision in *Dorbest Ltd. v. United States*, 604 F.3d 1363, 1372 (Fed. Cir. 2010), in which the Federal Circuit invalidated the Department’s regression-based methodology for calculating wage rates under 19 CFR 351.408(c)(3).

³⁷ See *Labor Methodologies*, 76 FR at 36093-94.

when there is a significant lag between the reporting date and the period of review.³⁸

Therefore, the Department has selected total manufacturing labor cost data from Thailand, which were reported in 2005, as the surrogate labor value for this review.³⁹ We further inflated the labor value using the consumer price index (“CPI”) for Thailand to be contemporaneous with the POR. For the preliminary results the calculated wage rate is 135.93 Baht/hour.⁴⁰

Pursuant to *Labor Methodologies*, the Department considered whether financial ratios required adjustment to account for any labor expenses that might also be included in the financial ratios. However, because record evidence did not indicate that any labor expenses were included in the financial ratios, no adjustments were necessary.

To value truck freight expenses, we used the World Bank’s *Doing Business 2012: Thailand*, which we find to be specific to the cost of shipping goods in Thailand, and representative of a broad market average.⁴¹ Because this value was not contemporaneous to the POR, we deflated it using the Thai CPI. This report gathers information concerning the cost to transport a 20-foot container of dry goods from the largest city to the nearest seaport. Because there is no Thai value for inland freight charges by boat on the record, we valued inland freight charges by boat using Indonesian freight rates that were published by the Indonesian freight forwarder, PT. Mantap Abiah Abadi.⁴² Rates were given on a per cubic meter basis, by city, which we converted to a metric ton basis. Because this value is not contemporaneous with the POR, we deflated it using the Indonesian CPI. In addition, we valued brokerage and handling

³⁸ See *Citric Acid and Certain Citrate Salts from the People’s Republic of China: Final Results of the First Administrative Review of the Antidumping Duty Order*, 76 FR 77772 (December 14, 2011) and accompanying Issues and Decision Memorandum at Comment 7.

³⁹ See *Labor Methodologies*, 76 FR at 36094, n.11.

⁴⁰ See Surrogate Value Memo at Exhibit 4.

⁴¹ See Surrogate Value Memo at 7-8, and Exhibit 6 (relying on information found at <http://www.doingbusiness.org>).

⁴² *Id.* at 8, and Exhibit 6.

using a price list of export procedures necessary to export a standardized cargo of goods in Thailand published in the World Bank's *Doing Business 2012: Thailand*.⁴³ The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in Thailand. Because this value was not contemporaneous to the POR, we deflated it using the Thai CPI.

To value factory overhead, selling, general, & administrative expenses, and profit, we used the 2010 annual report of Capital Engineering Network Public Company Limited ("CEN"), a Thai manufacturer of pre-stressed concrete and welding wires. When the Department is unable to segregate and, therefore, exclude energy costs from the calculation of the surrogate financial ratio, it is the Department's practice to disregard the respondent's energy inputs in the calculation of NV in order to avoid double-counting energy costs which have necessarily been captured in the surrogate financial ratios.⁴⁴ Because CEN's annual report does not identify energy expenses, we disregarded the RMB/IFI Group's energy inputs in the NV calculation.

To value marine insurance, the Department used rates from RJG Consultants. These rates are for sea freight from the Far East Region.

Currency Conversion

Where necessary, the Department made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank. We relied on the daily exchange rates posted on the Import Administration website (<http://www.trade.gov/ia/>).

⁴³ *Id.* at Exhibit 3 (relying on information found at <http://www.doingbusiness.org>).

⁴⁴ See, e.g., *Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 74 FR 16838, 16839 (April 13, 2009) and accompanying Issues and Decision Memorandum at Comment 2.

Facts Available

Sections 776(a)(1) and 776(a)(2) of the Act provide that, if necessary information is not available on the record, or if an interested party: (A) withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested, subject to sections 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding under the antidumping statute; or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Section 782(c)(1) of the Act provides that if an interested party “promptly after receiving a request from {the Department} for information, notifies {the Department} that such party is unable to submit the information requested in the requested form and manner, together with a full explanation and suggested alternative forms in which such party is able to submit the information,” the Department may modify the requirements to avoid imposing an unreasonable burden on that party.

Section 782(d) of the Act provides that, if the Department determines that a response to a request for information does not comply with the request, the Department will inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person the opportunity to remedy or explain the deficiency. If that person submits further information that continues to be unsatisfactory, or this information is not submitted within the applicable time limits, the Department may, subject to section 782(e) of the Act, disregard all or part of the original and subsequent responses, as appropriate.

Section 782(e) of the Act states that the Department shall not decline to consider information deemed “deficient” under section 782(d) if: (1) the information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability in providing the information and meeting the requirements established by the Department; and (5) the information can be used without undue difficulties.

On December 16, 2011, the RMB/IFI Group requested that it be excused from reporting FOP data for two models, as these models were produced prior to the POR. The RMB/IFI Group suggested that the Department instead use the input consumption for the most similar models produced during the POR due to the associated burdens for the RMB/IFI Group to report (and for the Department to verify) the data for the two models produced outside of the POR.

The Department intends to have the RMB/IFI group report the FOP data for these two models for the final results. However, because the model-specific data currently is not on the record, for the preliminary results, in accordance with section 776(a)(1) of the Act, the Department is applying facts available (“FA”) to determine the NV for the sales corresponding to the FOP data for these two models. As FA, the Department is applying the FOPs for the most similar models to the unreported models. Due to the proprietary nature of the factual information concerning the FOPs applied for these models, these issues are addressed in a separate business proprietary memorandum where a detailed explanation of the FA calculation is provided.⁴⁵

⁴⁵ See Memorandum to Paul Walker, Acting Program Manager, AD/CVD Operations, Office 9, from Tim Lord, Case Analyst, AD/CVD Operations, Office 9: Preliminary Results Analysis Memorandum for The RMB IFI Group

Preliminary Results of Review

The Department preliminarily determines that the following weighted-average dumping margins exist:

Exporter	Weighted-Average Margin
RMB Fasteners Ltd., and IFI & Morgan Ltd. (“RMB/IFI Group”)	56.07%
PRC-wide Entity	206.00%

The Department will disclose to parties the calculations performed in connection with these preliminary results within five days of the date of publication of this notice pursuant to 19 CFR 351.224(b). As noted above, in accordance with 19 CFR 351.301(c)(3)(ii), for the final results of this administrative review, interested parties may submit publicly available information to value the FOPs within 20 days after the date of publication of the preliminary results.

Interested parties must provide the Department with supporting documentation for the publicly available information to value each FOP. Additionally, in accordance with 19 CFR 351.301(c)(1), for the final results of this administrative review, interested parties may submit factual information to rebut, clarify, or correct factual information submitted by an interested party no less than ten days before, on, or after, the applicable deadline for submission of such factual information. However, the Department notes that 19 CFR 351.301(c)(1) permits new information only insofar as it rebuts, clarifies, or corrects information recently placed on the

record. The Department generally cannot accept the submission of additional, previously absent-from-the-record alternative SV information pursuant to 19 CFR 351.301(c)(1).⁴⁶

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, Room 1117, within 30 days of the date of publication of this notice. Requests should contain: 1) the party's name, address and telephone number; 2) the number of participants; and 3) a list of issues to be discussed. Issues raised in the hearing will be limited to those raised in the respective case briefs. Case briefs from interested parties may be submitted not later than 30 days of the date of publication of this notice, pursuant to 19 CFR 351.309(c). Rebuttal briefs, limited to issues raised in the case briefs, will be due five days later, pursuant to 19 CFR 351.309(d). Parties who submit case briefs or rebuttal briefs in this proceeding are requested to submit with each argument: 1) a statement of the issue; 2) a brief summary of the argument; and 3) a table of authorities. The Department will issue the final results of this administrative review, including the results of its analysis of the issues raised in any written briefs, not later than 120 days after the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Act.

Assessment Rates

The Department will instruct CBP to assess antidumping duties on all appropriate entries. Suntec Industries Co., Ltd., Shanghai Prime Machinery Co. Ltd., Jiaying Xinyue, Certified Products International Inc., Jiashan Zhongsheng Metal Products Co., Ltd, Haiyan Dayu Fasteners

⁴⁶ See *Glycine from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Rescission, in Part*, 72 FR 58809 (October 17, 2007) and accompanying Issues and Decision Memorandum at Comment 2.

Co., Ltd., and Haiyan Julong have a separate rate from a prior segment of this proceeding; therefore, antidumping duties shall be assessed at rates equal to the cash deposit of estimated antidumping duties required at the time of entry, or withdrawal from warehouse, for consumption, in accordance with 19 CFR 351.212(c)(2). The Department intends to issue appropriate assessment instructions directly to CBP 15 days after publication of this notice. For those companies not assigned a separate rate from a prior segment of the proceeding, the Department has stated that they are not separate from the PRC-wide entity and that the administrative review will continue for these companies. See Initiation Notice. The Department intends to issue liquidation instructions for the PRC-wide entity 15 days after publication of the final results of this review.

For any individually examined respondent whose weighted-average dumping margin is above *de minimis*, we calculated exporter and/or importer (or customer)-specific assessment rates for the merchandise subject to this review in accordance with 19 CFR 351.212(b)(1).⁴⁷ Where the respondent has reported reliable entered values, we calculated importer (or customer)-specific *ad valorem* rates by aggregating the dumping margins calculated for all U.S. sales to each importer (or customer) and dividing this amount by the total entered value of the sales to each importer (or customer).⁴⁸ Where an importer (or customer)-specific *ad valorem* rate is greater than *de minimis*, we will apply the assessment rate to the entered value of the importers'/customers' entries during the POR.⁴⁹

⁴⁷ In these preliminary results, the Department applied the assessment rate calculation method adopted in *Final Modification for Reviews*, *i.e.*, on the basis of monthly average-to-average comparisons using only the transactions associated with that importer with offsets being provided for non-dumped comparisons.

⁴⁸ See 19 CFR 351.212(b)(1).

⁴⁹ *Id.*

Where an importer (or customer)-specific *ad valorem* rate is zero or *de minimis*, we will instruct CBP to liquidate appropriate entries without regard to antidumping duties in accordance with 19 CFR 351.106(c)(2).

Cash Deposit Requirements

The following cash deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(2)(C) of the Act: (1) For the RMB/IFI Group, the cash deposit rate will be their respective rates established in the final results of this review, except if the rate is zero or *de minimis* no cash deposit will be required; (2) for previously investigated or reviewed PRC and non-PRC exporters not listed above that have separate rates, the cash deposit rate will continue to be the exporter-specific rate published for the most recent period; (3) for all PRC exporters of subject merchandise which have not been found to be entitled to a separate rate, the cash deposit rate will be the PRC-wide rate of 206.00 percent; and (4) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporters that supplied that non-PRC exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply

with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.221(b)(4).

Ronald K. Lorentzen
Acting Assistant Secretary
for Import Administration

April 30, 2012
Date

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